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FISCAL IMPACT STATEMENT

LS 6561

BILL NUMBER: HB 1440

NOTE PREPARED: Jan 27, 2003

BILL AMENDED:

SUBJECT: Termination of emissions testing program.

FIRST AUTHOR: Rep. Bottorff

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill prohibits the Air Pollution Control Board from adopting rules to require motor vehicles emissions testing in Clark and Floyd Counties. The bill voids the current rule to the extent it requires such testing. It repeals a reference to emissions inspection stations in those counties.

Effective Date: July 1, 2003.

Explanation of State Expenditures: (Revised) This bill requires the termination of testing in Clark and Floyd Counties. IDEM has a ten-year contract, which expires in December 2006, with Envirotech to conduct the tests. The contractor has estimated that closing these two stations would save IDEM approximately \$980,000 per year. However, there would be initial closure costs for which the state would be liable under the contract of an estimated \$1.75M. The net impact for FY 2004 would be an increase in expenditures of \$770,000. In FY 2005 and beyond, the state would experience a decrease in expenditures of \$980,000.

Background Information. The Auto Emission Testing Program expended \$6.9 M in FY 2002. Of this total \$257,192 was for personal services and over \$6.6 M was for grants, distributions, and subsidies. The program received \$1.5 M in federal funding in FY 2001 and \$300,000 in FY 2002. Federal funding is not expected for this program for the upcoming biennium.

IDEM requested \$7.9 M per year for the Auto Emissions Program for the 2003-2005 biennium. There is no fee assessed vehicle owners for the test. Nine testing sites exist: seven in the northern part of the state; two in the southern part: one in Clark County, and one in Floyd County. (One testing site is located in Jeffersonville and one in New Albany.) The two sites in the southern part of the state test 50,000 vehicles per year. Sites in the northern part of the state test 150,000 vehicles per year.

Four IDEM staff members are funded with the program budget at a requested \$171,990 per year, or about \$43,000 per employee per year, for the 2003-2005 biennium.

The federal Clean Air Act mandated that Indiana implement a vehicle emission testing program as an ozone control measure for Lake, Porter, Clark, and Floyd Counties in order to help reduce emissions of mobile sources of volatile organic compounds, nitrogen oxides, and carbon monoxide, which form ozone. Currently, cars are tested once every two years. The four newest model years are exempt from testing.

Explanation of State Revenues: IDEM receives about \$25 M to implement federal mandates pertaining to air quality. If the state falls out of compliance, it could be at risk of losing federal dollars.

Explanation of Local Expenditures:

Explanation of Local Revenues: Clark and Floyd Counties may no longer be eligible to receive grants for auto emission testing.

State Agencies Affected: IDEM.

Local Agencies Affected: Clark and Floyd Counties.

Information Sources: IDEM budget request for the 2003-2005 biennium; IDEM presentation to the Environmental Quality Service Council, September 12, 2002.

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